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Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Billed Party Preference	)	CC Docket No. 92-77
for 0+ InterLATA Calls	)	

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REPLY COMMENTS OF
THE AMERITECH OPERATING COMPANIES

Respectfully submitted,

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TABLE OF CONTENTS

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I. Summary And Introduction

The Ameritech Operating Companies[1] file the following reply comments supporting Billed Party Preference ("BPP"). These reply comments are in response to the Commission's Notice of Proposed Rulemaking released in this docket on May 8, 1992 ("BPP NPRM").

The Companies support BPP because it will significantly improve service by enabling customers to use the operator service provider (OSP) of their choice for interLATA calling card, collect and bill to third number calls by simply dialing "0." BPP thereby will focus operator service and payphone competition and innovation on customer service and price. BPP holds the promise of significantly improving customer service, while ultimately reducing rates paid by consumers.

Under BPP, customers can automatically use the OSP of their choice on a dial 0 basis from any line in the nation. BPP also will enable customers to use any line number based or standard format calling card issued by any carrier from any line, without limitation or confusion. BPP further will reduce the opportunity for unfair and misleading practices that take

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[1]The Ameritech Operating Companies are: Illinois Bell Telephone Company; Indiana Bell Telephone Company, Incorporated; Michigan Bell Telephone Company; The Ohio Bell Telephone Company; and Wisconsin Bell, Incorporated.

advantage of the confusion resulting from pay telephone presubscription and access code dialing.

The comments of the other parties[2] generally agree with the Companies on several points. First, as foreseen by the Commission in the BPP NPRM,[3] BPP has the potential to significantly improve customer service. Second, BPP will not impair the quality of service. Third, BPP is technically feasible and can be in service as earlier as the middle of 1996. Fourth, if BPP is implemented, it must be universally deployed. Universal availability of BPP will maximize its benefits and prevent customer confusion. Fifth, BPP can be universally deployed for a modest additional cost above the cost of providing BPP solely on pay telephone lines. Sixth, vendors and aggregators must be precluded from defeating BPP in their customer provided equipment ("CPE").

Most of the objections to BPP already have been resolved by the Companies in their comments. The few new issues raised by the parties can be easily accommodated by BPP.

Many parties oppose BPP because they are concerned it may impair revenues and profits they are currently deriving from payphone and aggregator dial 0 traffic. However, these commenters seem more concerned with the level of their compensation than with the quality of the service they provide. Some of these parties also argue that loss of these revenues will inhibit competition and innovation. But, these concerns are unfounded and ignore the fact that the Commission already has tentatively found that there

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[2]A list of the parties which are cited in these Reply Comments and the abbreviation used for each party is attached as Attachment A.

[3]BPP NPRM at ¶ 19.

should be compensation. The Companies urge the Commission to eliminate all uncertainty by promptly ruling that reasonable compensation is appropriate.

The opposition to BPP also argues that BPP is too costly. While it is true that the costs of BPP are significant, the Companies believe these costs are reasonable when compared to the benefits that BPP will provide for consumers. More importantly, the Companies do not expect that BPP will significantly increase the rates paid by consumers (they believe BPP will likely reduce those rates). This favorable result will occur because of the significant cost offsets and benefits that BPP will provide to interexchange carriers ("IXCs") and OSPs, that were identified by the Companies in their comments.[4] Because BPP will focus competition on consumers, the Companies are optimistic that the OSPs and IXCs will pass these cost savings along to consumers. They further believe that the increased competition arising from BPP will result in further rate reductions for consumers.

II. There Is General Agreement On Many Points.

Despite the wide differences between the basic positions of the parties, there is consensus on many points. First, BPP is in concept user friendly and would improve customer service. The state commissions, LECs, consumer advocates, Sprint and MCI generally agree that BPP will deliver the consumer benefits envisioned by the Commission in the BPP NPRM.[5] Many parties that oppose BPP also concede its theoretical appeal or do not dispute that dial

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[4]The Companies pp. 19-20.

[5]*See, for example,* Ameritech Region Commissions pp. 7-8; Consumer Advocates pp. 13-14; Florida PSC p. 7; GTE pp. 2-4; MCI, pp. 1-2; MessagePhone pp. 1, 4-7, 11-12; Mi PSC p. 2; Mo PSC pp. 1-2; NYNEX pp. 14-16; Pacific pp. 7-9; Pa PUC pp. 3-9; Sprint pp. 1-6; SWBT pp. 6-8; and Texas PUC pp. 3-4.

0 dialing has consumer benefits.[6] Second, BPP is technically feasible and will not degrade customer service.[7] Third, BPP can be deployed in non-equal access areas.[8] Fourth, basic BPP can be implemented by mid-1996, if it is promptly mandated by the Commission.[9] Fifth, if BPP is implemented, it must be universally deployed.[10] For example, the Ameritech Region Commissions agree with the Commission that "the implementation of BPP would be most beneficial to end-users if the same dialing procedures apply for all long-distance calls."[11] Sixth, payphone providers, aggregators and others should not be allowed to defeat in their CPE the customer's ability to route dial 0 calls to this other chosen provider.[12] Seventh, balloting for BPP is unnecessary and would be confusing and costly.[13] As a result, customers

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[6]*See, for example,* PhoneTel p. 5; LinkUSA p. 2; and NY Dept of Tele pp. 2-3.

[7]*See, for example*, Bell Atlantic, pp. 8-9; Mi PSC p. 4; Pacific p. 11; SNET p. 7; Sprint pp. 23-27; and SWBT pp. 13-14.

[8]*See,* BellSouth pp. 17-18; GTE p. 10; SWBT p. 4; and Sprint p. 30.

[9]*See*, Pacific p. 13; SWBT p. 17; and Sprint pp. 30-31.

[10]*See*, Ameritech Region Commissions pp. 10-12; GTE, pp. 4-6; LinkUSA pp. 2-3; Mi PSC p. 5; NYNEX pp. 20-21; Orlando Aviation p. 4; Pacific p. 13; SNET pp. 7-8; Sprint p. 29; SWBT pp. 4-5, 16-18; USTA p. 2; and US West pp. 17-18.

[11]Ameritech Region Commissions, p. 12.

[12]*See for example*, The Companies p. 9; Ameritech Region Commissions p. 10; Mi PSC p. 5; NYNEX pp. 21-22; Pacific pp. 12-13; SNET p. 8; USTA p. 2; and US West p. 16. However, CompTel at p. 24 n.33 argues that "[t]he Commission's proposal is akin to ordering PBX users to decommission their CPE in favor of Centrex." This analogy misses the point. All the proposed restriction seeks to do is to ensure that the network routes a user's call in accordance with the billed party's instructions. There is no attempt to tell customers who they must select or what equipment or CPE they may use. A more appropriate analogy would be payphone providers converting access code dialed digits to another carrier's code in their CPE and then routing the call to a carrier other than the one selected by the customer. Such fraudulent practices would not be acceptable for access code calls or likewise should not be permitted for dial 0 calls under BPP.

should simply receive notice of their right to select a provider other than their presubscribed IXC for dial 0 calls.[14]

III. The Objections to BPP Are Already Resolved.

Many parties raise objections to BPP that already have been resolved by the Companies in their Comments. Examples are the two operator problem[15], the BPP call processing time issue[16], the need to compensate payphone providers and aggregators[17], and provision of BPP to non-equal access areas.[18] Since these issues have been fully addressed by the Companies in their comments and in section II hereof, the Companies will not repeat those arguments here.

A. BPP Is Procompetitive.

Several parties claim that BPP will suppress competition, innovation and the deployment of payphones.[19] But, these claims are based upon the assumption that vendors and owners will not be compensated under BPP. Some of these parties allege that as a result they will have no incentive to

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[13]*See, for example*, The Companies p. 9; Allnet p. 4; Ameritech Region Commissions p. 13; GTE, p. 6; NYNEX p. 11; Pacific p. 14; SNET p. 9; and USTA p. 8.

[14]*Id.* n.13.

[15]*See*, Capital Network pp. 8-9; Comptel pp. 14-15; and ITI pp. 7-8.

[16]APCC pp. 22-23; City of Fresno p. 1; and OPASTCO p. 3.

[17]Airports Assn pp. 11-18; APCC pp. 31-32; Comptel pp. 25-27; Orlando Airport pp. 10-12; PhoneTel pp. 21-22; and US Long Distance p. 17.

[18]PhoneTel pp. 16-17.

[19]*See, for example*, Cal Payphone Assn p. 3; Convenience Stores p. 12; Independent Payphone Assn of NY pp. 3-4; LinkUSA pp. 5-7; and NY Dept of Tele pp. 8-10.

provide these services or to innovate.[20] However, the Commission has already tentatively concluded in the BPP NPRM that compensation is appropriate[21] and the Companies have supported the Commission's tentative conclusion.[22] If the level of compensation established by the Commission is reasonable, then that compensation will provide a strong incentive for the deployment of payphones and aggregator sets. This incentive is in addition to the compelling need these institutions have to have public telephone service available to their customers.

Use of BPP with compensation also will properly refocus innovation and competition on customer service and rates, which will mean that innovation will inure to the benefit (rather than to the detriment) of consumers. BPP affords to each OSP an equal opportunity to obtain dial 0 traffic based upon free customer choice. BPP thereby will base competitive success upon an OSP's ability to obtain and retain long term customers. As such, BPP will provide to OSPs a powerful incentive to provide high quality, innovative dial 0 services at competitive rates. Stated simply, if an OSP does not provide high quality, innovative dial 0 services at attractive rates, BPP will afford customers a convenient vehicle to avoid or leave that provider.

B. Credit Cards Can Be Accommodated By BPP.

Several parties also raise the concern that BPP will not accommodate commercial credit cards or that it will somehow inhibit their use for billing dial 0 calls.[23] But, the Companies have established that BPP can support

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[20]APCC pp. 7-8; International Telecharge p. 12; and Montana State Univ p. 2.

[21]BPP NPRM at ¶ 28.

[22]The Companies p. 23. *See also*, Bell Atlantic p. 9 and US West p. 14.

[23]Airport Assn p. 10; Dallas Airport p. 2; and Orlando Aviation p. 7.

commercial credit cards.[24] Although the Companies do not believe deployment of basic BPP should be delayed because of commercial credit cards, they do favor pursuing development of that capability as soon as possible. If the complex technical and business issues associated with incorporation of commercial credit cards into BPP can be resolved before the initial deployment of BPP, then that capability should be deployed at that time.

Based upon information obtained from vendors after the date of filing of the Companies' comments, inclusion of commercial credit cards into BPP may result only in modest additional costs. The Companies have been advised that adding the ability to handle commercial credit cards to BPP may increase the Companies' BPP deployment costs by a modest $3.3 million. However, this estimate is preliminary and may vary substantially depending on the final plan adopted and the final firm quotations received from the vendors.

As the Companies proved in their comments[25] BPP will not interfere with the ability of customers to use commercial credit cards as they do today. AT&T states that commercial credit cards are accepted today on a dial 0 basis and suggests that somehow BPP will jeopardize that capability.[26] However, commercial credit cards generally are handled on a dial 0 basis today at just the few locations with card reader stations.[27] At those locations, commercial

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[24]The Companies pp. 11-12. *See also*, GTE p. 10 (address in later phase) and SWBT p. 5 (address in a later phase).

[25]Companies pp. 11-12.

[26]AT&T p. 17.

[27]Approximately 1% of the Companies' pay telephone sets are card reader stations.

credit cards can continue to be handled by simply routing the call to the presubscribed carrier associated with the line, until BPP can accommodate commercial credit cards. Then, incorporation of commercial credit cards into BPP will introduce a new capability for all non-card reader locations and will provide the capability to route dial 0 calls at card reader locations to the provider selected for the commercial credit card.

Further, as Sprint notes:

> [a]t the present time, Sprint and other IXCs have partnering relationships with commercial credit card issuers and some foreign calling cards issuers that involve the use of specialized access codes by cardholders to reach the IXC's operator services. There is no reason why such partnering arrangements, using these special access codes, cannot continue in a billed party preference environment.[28]

The Companies agree with Sprint, only adding that these partnering arrangements also can continue before the implementation of BPP and during any period when BPP cannot directly handle commercial credit cards.

C. The Cost Projections for BPP Are Consistent and Differences Are Readily Explainable.

The comments of the LECs demonstrate that the costs of developing, deploying and implementing BPP are substantial. Although there are significant differences among the LECs in the level of costs they project, there is general agreement on the areas from which BPP costs will arise and the cost differences among the LECs are readily explainable. The comments of the LECs show that BPP costs arise from the following areas:

1. network upgrades and reconfigurations;
2. Line Identification Data Base (LIDB) related investments and software upgrades;
3. billing and support system modifications;
4. additional operators and related equipment;

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[28]Sprint p. 33.

5. employee training; and
6. customer notification and education.

While significant differences exist in the relative size of the LECs' cost estimates, these differences are minimized when the costs are adjusted for differences in the size of the LECs, the configuration and status of each LEC's existing network and their network deployment plans. There exists many examples of differences among LECs that explain the variations in BPP cost projections in their comments. For instance, the BPP related network costs of each LEC are dependent on several factors, including the capacity of its existing network (that is to say the ability of the LECs' operator system to handle the additional traffic that will result from BPP). Additional relevant factors are the number of its end offices and OSSs that will require hardware and software modifications to provide BPP functionality, and the existing configuration of each LEC's trunking network.

Another factor that affects the projected level of costs differently for each LEC is OSS7 deployment costs. Some LECs included all the costs of OSS7 in their BPP cost estimates, while others did not. The Companies, for example, included all the OSS7 costs at the OSSs as incremental costs of BPP since they will only be incurred if BPP is implemented. But, the Companies reflected only the costs of accelerating OSS7 at end offices in their BPP costs (that is to say, the cost of money applicable to making the OSS7 investment one year earlier.) The Companies will install that capability whether or not BPP is implemented. BPP simply will require that OSS7 be deployed earlier. In addition, some LECs' assume an expensive balloting process, while others, such as the Companies, assume a simpler notification process.

A chart comparing the BPP cost estimates of the LECs and some of the major reasons for the differences among the LECs is attached as Attachment B.

D. BPP Is Worth The Cost. It Will Improve Service With Little Or No Increase In Customer Rates.

Despite the significant costs of installing and operating BPP, from the consumer's perspective, BPP is worth the cost. Not only will BPP deliver the significant service improvements foreseen by the Commission in the BPP NPRM, but BPP can, simultaneously, reduce consumer rates. This favorable result can occur because of the significant cost offsets and benefits that BPP will provide to IXCs and OSPs. These benefits and cost savings were specified in detail in the Companies' comments[29] and will not be repeated in full here.

The Comments filed by AT&T and others opposing BPP on cost grounds ignore -- as in previous filings -- the significant costs of presubscription that will be eliminated or substantially reduced by BPP. AT&T again relies on its flawed 1987 estimates that BPP will increase its aggregate access expenses by $400 million.[30] But, as the affidavit of Thomas H. Gray previously filed by the Companies with the Commission shows, AT&T's estimate compares the incremental costs of BPP to the continued status quo in 1987, which was default of all dial 0 calls to AT&T.[31] Obviously, the correct comparison today is between BPP and presubscription.

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[29]Companies pp. 19-20.

[30]AT&T, at the footnote on p. 12.

[31]*In the Matter of* Petition of the Ameritech Companies for Amendment of Part 69 of the Rules to Enable Exchange Access "Dial 0" Services To Be Provided by Local Exchange Carriers, No. RM-6113, AFFIDAVIT dated October 22, 1987.

AT&T's cost estimate also fails to subtract from its alleged BPP costs, the labor savings AT&T will enjoy as a result of operator functions shifted by BPP to the LECs.[32] The costs of these functions are in the Companies' cost estimate (in the form of additional operator labor) and should properly be deleted from AT&T's estimate.

As demonstrated in the Companies' Comments, BPP will provide substantial savings for IXCs and OSPs versus presubscription. These savings will offset most, if not all, of BPP's costs.[33] The most significant area of savings to OSPs and IXCs arising from BPP is commission expense arising from the efforts of IXCs and OSPs to sell presubscription to payphone providers, premises owners and aggregators. Based upon information in the Commission's Second Report and Order in the Operator Service Docket, the estimated average AT&T commission payment ranges from $.30 to $.46 per call.[34] Further, it appears that the Commission adopted an intent to provide $.40 compensation per call, when it adopted the mandated $6.00 compensation per set. If compensation at a level below the current commission payment level were extended to BPP, there still could be a significant savings for AT&T. The savings would be even greater for other OSPs that pay commissions that are significantly higher than the ones paid by AT&T.

Beyond these lower commission payments, BPP also can reduce the selling costs of IXCs and OSPs. Today, many IXCs and OSPs maintain a

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[32]These functions are discussed in the Companies Comments, p. 20.

[33]*Supra*, pp. 19-20.

[34]Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket 91-35 Second Report and Order released May 8, 1992 ¶s 39-40.

dedicated sales force for major accounts and use other personnel on a part-time basis to perform this function for other accounts. In addition, substantial advertising and promotional expenses are targeted at payphone providers and premises owners, not end users. The Companies estimate that these expenses, on an average, equate to approximately ten (10) percent of the revenue resulting from these calls or about $.24 per call. Hence, the total impact of lower commissions and sales expenses for IXC and OSPs under BPP may be a reduction of approximately $.30 more ($.24 + $.06) in commission related expenses per call. These savings more than offset the potential BPP costs per call.

In addition, cost savings for consumers will flow from the fact that BPP will focus competition for dial 0 traffic on customer choice. The result of this new competitive marketplace will be, as foreseen by the Commission in the BPP NPRM[35], the intensifying of price and service competition. Furthermore, BPP will mean that consumers will no longer use an unknown IXC or OSP that charges rates that are significantly higher than the consumer has agreed to pay with its normal provider. The effect will be further savings for those consumers.

E. LECs and Payphone Providers Should Be Compensated.

As stated earlier, there is consensus that carriers and providers should be compensated for the BPP traffic they handle and the costs they incur. No party, except possibly Allnet,[36] argues that LECs should not be compensated for their BPP costs, if the Commission mandates BPP. As a result, the

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[35]BPP NPRM ¶ 7.

[36]Allnet argues that the cost of BPP "should be borne solely by the calling card services of the BOCs, not any other access service." p. 2.

Companies reiterate that BPP related costs should receive exogenous treatment under price caps and that LECs should be authorized to file tariffs that recover BPP costs. In addition, the Companies reaffirm that payphone providers, including LECs, should receive reasonable compensation for BPP traffic that originates from their sets.

IV. The Parties Raise Some New Issues that Can Be Accommodated By BPP.

First, a few parties raise the issue of a possible rate structure for BPP.[37] For instance, the Mi PSC proposes quarterly charges to OSPs to recover the costs of BPP. Sprint states that it favors a per call based charge to the OSPs.[38] Although it is still premature to develop detailed rate structures for BPP, the Companies agree that the costs of handling BPP queries, plus a reasonable return, should be recovered from IXCs and OSPs receiving the traffic. They further believe that BPP rates should be usage based, so each provider's bill reflects its share of interstate toll traffic. But, the final rate structure for BPP is an issue that should be resolved when tariffs are filed and the costs and demand projections for BPP are known.

Second, several parties erroneously claim that BPP will create a LEC "bottleneck" for dial 0 calls. However, these parties have it backward -- when viewed from the user's perspective, BPP will eliminate a bottleneck. That bottleneck is the ability of payphone providers, aggregators and premises owners to force many consumers to use the OSP chosen by the provider of the set, if they wish to place a dial 0 call. In the non-BPP environment, the consumer's only alternatives are to use awkward and confusing access code

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[37]Bell Atlantic pp. 6-7; BellSouth p. 9; NYNEX p. 4; and Sprint p. 21.

[38]Sprint p. 21.

dialing, often including the use of CIID and other proprietary cards, or to forego making the call.

Third, a few parties raise the specter of fraud, particularly at persons, resulting from BPP.[39] However, toll fraud is not a new problem that will arise with BPP. Toll fraud has existed for many years, still exists today, and will continue to evolve with new technologies into the future. BPP by itself will not create a new or increased risk of fraud. Rather, BPP will address several current sources of fraud. BPP ensures that calls are routed to OSPs with whom the customer has an existing business relationship. As such, that provider is better able to analyze and control its customer accounts and to recognize the symptoms of fraudulent usage. In addition, line based calling card, collect and bill to third number calls routed through BPP are validated through LIDB, which establishes that the number is valid in the LEC's database, before it is forwarded to the IXC or OSP.

Toll fraud is an industry problem and therefore should be addressed by the industry through solutions that deal directly with the problem and not simply shift the burden. The Commission has properly announced that it is holding an En Banc Hearing on toll fraud on October 9, 1992.[40] The Commission has announced in its Toll Fraud Public Notice that it will address the toll fraud problem, technical solutions, liability issues, law enforcement solutions and prevention of international fraud. The entire issue of toll fraud can be considered in that proceeding.

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[39]Arizona DOC pp. 3-4; South Carolina JAA pp. 3-4; and Tennessee Finance pp. 1-2.

[40]Public Notice released August 9, 1992.

The Companies understand that prisons have special telecommunications needs and are committed to working with prison officials to develop and provide services that respond to those needs. However, the Companies believe that prison inmate services can be accommodated through BPP without increasing the risk of fraud. This result can be achieved by having the LECs forward to the IXCs and OSPs receiving prison traffic, additional information in the signaling that informs them that the call is originating from a prison. Flexible ANI can be used for this purpose.

Fourth, MessagePhone, Inc. has proposed a "line-side" solution to provide BPP-like functionality to LEC public stations. MessagePhone suggests that the technology to provide this functionality is readily available today and is cost effective. While MessagePhone's approach is different, careful consideration discloses that it does not support universal deployment of BPP, is not economical and has technical deficiencies.

MessagePhone's proposal applies to public stations only, which is inconsistent with ubiquitous and seamless access to BPP for all dial 0 calls from all stations. Besides, their assertion that the costs of line-side deployment are reasonable is not justified. MessagePhone's own estimate of service deployment costs to a typical LEC (which appear to be understated) exceeds the Companies' anticipated initial network-based costs by over $30 million.

Of further concern, the X.25 signaling protocol used by MessagePhone's "Remote Management System" is not the industry standard for LIDB access, and would require some type of ancillary "protocol conversion" device to be interposed between MessagePhone's system and the national SS7 network. Such an atypical signaling arrangement could conceivably produce delays in

network call set-up times. Such an arrangement also could increase the likelihood of administrative and operational problems in the SS7 network, particularly if the ancillary devices employed for protocol conversion are not compatible with industry standards for signaling network management and control messages.

V. Access Code Dialing Does Not Adequately Protect Users. The Present Environment Will Not Create Consumer Based Competition.

The major opposition to BPP really reflects concern about the impact of BPP on entrenched market positions and revenues derived from a marketplace still centered on 0+ presubscription. These parties include OSPs, aggregators, payphone operators, premises owners and AT&T -- the only national IXC thriving in the existing 0+ presubscription environment.[41] But, these commenters do not provide any evidence rebutting the general consensus that BPP can significantly benefit consumers. Instead, these parties now (many for the first time and in contrast to positions they have previously taken before this Commission) sing the praises of dialing access codes as meeting consumer needs. Yet, they do not establish that access code dialing will eliminate consumer confusion and price gouging.

From the consumer's perspective, dialing access codes is inferior to BPP, particularly for consumers that only use payphones and aggregator telephones occasionally. Access code dialing is far more complex than BPP, since the customer must remember and dial more digits. Customer resistance to access code dialing is well summarized by Sprint, who concludes:

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[41] *For example*, Convenience Stores, Payphone Assn. of NY, Orlando Aviation, and Value-Added Communications.

> Despite the fact that its customers have had more than five years' experience dialing an access code, Sprint would love nothing more than to be able to offer its customers the convenience of O+ dialing.[42]

In addition to being inconvenient and difficult to remember, access codes often do not provide control to the party paying for the call. Rather, access codes vest control in the party originating the call. Yet, the party making the call often is not the one paying for it.[43]

Why then do some callers resort to the use of access codes? The Companies believe the root cause is to avoid paying exorbitant rates. Today's consumer behavior is summarized in the attached letter from AT&T to an Ameritech employee who is an AT&T customer. (See Attachment C) This mailing clearly points out the fact there are still some industry participants who charge rates much higher than other companies. This situation occurs because these high priced providers are able to gain the agreement of many aggregators to presubscribe to them in return for high commissions. As noted by the Consumer Advocates, "[t]his type of control over pricing by sellers is prima facie evidence of market failure."[44] What has developed essentially are "local monopolies."[45]

To avoid high prices and assure control over the choice of carrier, many consumers "put up with" the nuisance and inconvenience of dialing access codes. However, BPP permits consumers to exercise the same control, without having to dial extra digits. The attached mailing shows that AT&T

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[42]Sprint p. 15.

[43]Examples are collect and bill to third number calls. These calls represent approximately 35% of the intraLATA dial O traffic handled by the Companies.

[44]Consumer Advocates p. 7.

[45]*See*, Consumer Advocates p. 10.

seeks to respond to consumer concerns about being overcharged by promoting its proprietary calling card. AT&T claims that its CIID card is "the only Card that ensures your long distance card calls will be carried on AT&T phone lines." Yet, what AT&T is assuring is that calls placed using its CIID card that are dialed on a 0+ basis, will be blocked unless the line is presubscribed to AT&T.[46]

The Commission should not sacrifice the interests of consumers to preserve vested interests of suppliers, vendors and premises owners. This is particularly true when, as here, those parties are seeking to preserve undue advantage derived from customer confusion. It is unfortunate that the commenters do not include consumers who could address their confusion with presubscription and having to resort to access code dialing. However, it is significant to note that the comments filed by state commissions[47] and the Consumer Advocates--that do not have vested market position based upon presubscription to protect--support BPP since it will improve customer service by providing a simple method for consumers to gain access to the IXC of their choice and to pay rates that are acceptable to them.[48] As noted by the Consumer Advocates:

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[46]On a line presubscribed to AT&T, a caller may dial either 0+ or the AT&T access code with the CIID card and the call will go through. On a line presubscribed to a provider other than AT&T, the other provider must block the call if the call is dialed 0+ because AT&T will not provide validation or billing data for its CIID card.

[47]There are numerous comments filed by state agencies besides commissions, but those comments reflect the position of the state as an operator of large aggregator systems at locations such as prisons and airports. These comments seek to retain the financial advantages of presubscription to aggregators and do not represent the interest of consumers.

[48]See, Ameritech Region Commissions; Consumer Advocates; Florida PSC; Pa PUC, [subject to cost justification]; Mi PSC; Mo PSC; and Texas PUC.

> In addition to protecting captive consumers from overcharges, the FCC's proposed billed party preference ruling also promises to bring needed improvements in customer convenience, competitive behavior, 0+ calling rates . . . .[49]

The Companies believe from the consumer's perspective, BPP is the only practical alternative to the abuses and lack of competition in today's 0+ presubscribed marketplace. As noted below, all of the current industry providers are able to participate in the 0+ market if they meet the billed party's needs for price and service. A variety of calling cards will be accommodated in the marketplace, including line number based, CIID/891, as well as other coding schemes only usable with access codes. Aggregators as well as payphone owners (including LECs) would be entitled to compensation for providing interLATA access. Since competition will center on the consumer, the maximum, beneficial impact of BPP is assured.

VI. Conclusion.

BPP is technically feasible, will significantly improve customer service, and can reduce customer rates. BPP also is procompetitive and will provide competition and innovation focused on customer service and low prices. As

[49]Consumer Advocates p. 6.

such, BPP is in the public interest and should be implemented as soon as feasible.

Respectfully submitted,

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Attachment A

Alphabetical Listing of Parties Cited

Airports Association Council International - NA (Airports Assn)

Allnet Communications Services, Inc. (Allnet)

American Public Communications Council (APCC)

American Telephone and Telegraph Company (AT&T)

Ameritech Operating Companies (The Companies)

Arizona Department of Corrections (Arizona DOC)

Bell Atlantic Telephone Companies (Bell Atlantic)

BellSouth Telecommunications, Inc. (BellSouth)

California Payphone Association (Cal Payphone Assn)

Capital Network System, Inc. (Capital Network)

City of Fresno Department of Airports (City of Fresno)

City of New York Department of Telecommunications and Energy (NY Dept of Tele)

Competitive Telecommunications Association (CompTel)

Dallas/Fort Worth International Airport (Dallas Airport)

Dept. of Tele.)

Florida Public Service Commission (Florida PSC)

Greater Orlando Aviation Authority (Orlando Aviation)

GTE Service Corporation (GTE)

Illinois Commerce Commission, Indiana Utility Regulatory Commission, Public Utility Commission of Ohio and Public Service Commission of Wisconsin (Ameritech Region Commissions)

Independent Payphone Association of New York, Inc. (Payphone Assn of NY)

Indiana Office of Utility Consumer Counselor and the Pennsylvania Office of Consumer Advocate (Consumer Advocates)

International Telecharge, Inc. (ITI)

LinkUSA Corporation (LinkUSA)

MCI Telecommunications Corporation (MCI)

MessagePhone, Inc. (MessagePhone)

Michigan Public Service Commission (Mi PSC)

Missouri Public Service Commission (Mo PSC)

Montana State University

National Association of Convenience Stores (Convenience Stores)

NYNEX Telephone Companies (NYNEX)

Organization for the Protection and Advancement of Small Telephone Companies (OPASTCO)

Pacific and Nevada Bell (Pacific)

Pennsylvania Public Utility Commission (Pa PUC)

PhoneTel Technologies, Inc. (PhoneTel)

Public Utilities Commission of Texas (Texas PUC)

South Carolina Jail Administrators Association (South Carolina JAA)

Southern New England Telephone Company (SNET)

Southwestern Bell Telephone Company (SWBT)

Sprint Corporation (Sprint)

Tennessee Department of Finance and Administration (Tennessee Finance)

United States Telephone Association (USTA)

US Long Distance

US West Communications, Inc. (US West)

Value Added Communications

COST COMPARISON

RBOC	CAPITAL INVESTMENT	ONE-TIME EXPENSES	ANNUAL EXPENSES	REMARKS
Ameritech	$28,126,000	$52,470,000	$30,520,000	Accel. deployment costs of end office OSS7 included.
				Annual expenses include $14.7 million for operator salaries
				and $15.8 for annual costs associated with capital invest.
Bell Atlantic	$39,500,000	$86,000,000	$8,600,000	No cost breakdown.
				One-time expenses includes $50 million for OSS7.
BellSouth	$24,936,000	$120,681,000	$6,850,000	$72.3 million included for OSS7.
NYNEX	$48,683,000	$33,947,000	$13,710,000	No OSS7 costs included.
				Annual expenses are for 502 operators.
				Invest. includes 2 new TOPS Switches @ $18 million.
				Balloting costs for all accounts is $17 million.
Southwestern	N/A	N/A	N/A	No costs provided.
SNET	See Remarks	See Remarks	See Remarks	$30 million total deployment cost identified.
				OSS7 costs not included.
				Estimate only includes first year costs.
				Operator costs and billing to OSPs excluded.
US West	$23,128,000	$104,677,000	$21,200,000	Estimated categorization based on $149 million total.
				One-time expenses includes:
				$68 million for OSS7.
				$7.5 million for SS7 at OSSs.
				Annual expenses are operator salaries.
PACIFIC/NEVADA	See Remarks	See Remarks	$26,000,000	Total implementation costs of $116 million.
				$34 million OSS upgrades.
				$35 million for end office OSS7.
				Annual expenses include $10 million for operator salaries
				$16 million for annual costs associated with capital invest.

Note:
Ameritech and Pacific included one year of annual costs associated with capital invesment in the One-Time Expense column.

ATTACHMENT B